

Message Text

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FM SECSTATE WASHDC

TO USLO PEKING

AMCONSUL HONG KONG

C O N F I D E N T I A L STATE 011705

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E.O. 11652: GDS

TAGS: ETRD CH

SUBJECT: EXCERPTS FROM EA/PRCM WEEKLY STATUS REPORT

EXPRESSIONS OF CONCERN OVER THE US-PRC TRADE IMBALANCE

1. IT WOULD BE SURPRISING IF THE PRC WERE NOT CONCERNED OVER ITS 1973 TRADE IMBALANCE WITH THE US, WHICH WILL BE ON THE ORDER OF 11 OR 12 TO 1. INDICATIONS ARE THAT THE IMBALANCE IN 1974 WILL CONTINUE AT ALMOST THE SAME LEVEL (ABOUT 10 : 1). NEVERTHELESS, THE CHINESE HAVE SO FAR REFRAINED FROM PUBLIC COMMENT OR OVERT CRITICISM OF THE US AS RESPONSIBLE FOR THE IMBALANCE. THEY MAY NOW BE ABOUT TO BREAK THEIR SILENCE.

2. THE PRC-CONTROLLED HONG KONG "TA KUNG PAO" ENGLISH-LANGUAGE WEEKLY (JANUARY 10) PUBLISHED AN ARTICLE ON SINO-AMERICAN TRADE BY JULIAN SCHUMAN, AN AMERICAN EXPATRIATE WHO LIVES IN PEKING AND ACTS AS A PROPAGANDA MOUTHPIECE FOR THE PRC. SCHUMAN'S ARTICLE COMES DOWN FAIRLY HEAVILY ON THE IMBALANCE, NOTING THAT "CHINESE COMMODITIES ARE THE VICTIM OF EXTREMELY HIGH AMERICAN TARIFFS AND THERE COULD BE RELUCTANCE HERE (PEKING) TO

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REPEAT 1973'S HEAVY BUYING" IN 1974. "LOOKING TO THE

FUTURE, IT WOULD SEEM THE US IS GOING TO HAVE TO FIND A
WAY TO BUY MORE FROM CHINA...(IT) WOULD BE STARTLING IF

CHINA CONTINUES RUNNING AN EXPANDED BIG DEFICIT WITH THE
US OVER MANY YEARS."

3. THE VEILED THREAT, IF IT IS TO BE TAKEN AS SUCH,
CANNOT BE MADE GOOD IN 1974 IN ANY CASE. PRC COMMITMENTS
FOR PURCHASES OF US AGRICULTURAL AND INDUSTRIAL PRODUCTS
IN 1974 ARE LIKELY TO BRING US EXPORTS THIS YEAR TO THE
DOLS. 1.1 TO DOLS. 1.3 BILLION LEVEL.
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